

I-149-Ind.-8913
lease file
inspection file

Conservation Division
P. O. Box 26124
Albuquerque, New Mexico 87125

March 26, 1979

Memorandum

To: Area Director, Navajo Area Office, BIA

From: Mining Engineer, SRMA, Albuquerque, New Mexico

Subject: Request for permission to negotiate a uranium mining lease for a Navajo allotment (SW/4, Sec. 18, T. 13 N., R. 10 W., McKinley County, New Mexico)

The subject allotment was previously leased under Navajo Allotted Uranium Leases I-149-Ind-8913 which was cancelled June 2, 1959 and 14-20-0603-7240 which expired October 12, 1972. Underground mining operations were conducted within the allotment during both of these leases. Our records contain some old information regarding uranium ore existing within the property, but the data are neither sufficient nor accurate enough to permit calculation of ore reserves. The data do indicate that commercially valuable uranium ore may occur within the allotment, as does the subject request. We have been advised that Mr. Warnock has no ore reserve data for the property and that exploration would undoubtedly be necessary to verify the presence of recoverable uranium ore deposits.

At the present time, we have no information about Mr. Warnock's ongoing mining operations in Sec. 13, T. 13 N., R. 11 W; however, Mr. Warnock will allow us to review his records if we feel it is necessary. We have been advised that Mr. Warnock does have active underground mine workings immediately adjacent to the subject allotment and that access to the subject allotment could be gained from these workings.

According to our files, the subject allotment was satisfactorily conditioned for abandonment under lease I-149-Ind-8913. Such was not the case for lease 14-20-0603-7240, and a 1977 field inspection revealed that the last lessee did not properly abandon the property (copy of inspection report enclosed). We are

particularly concerned that one of the mine entries, a declined shaft, is not sealed and presents an extremely hazardous condition considering the proximity of occupied residences. We have discussed this situation with Mr. Thomas Lynch, Realty Specialist at the Navajo Area Office. To the best of our knowledge, the entry is still open.

We have reviewed Mr. Warnock's proposed lease terms, and our comments and recommendations are listed below.

1. The same lease terms as those used in Navajo Allotted Land Uranium Lease Sale No. 7 would be acceptable for the negotiated lease except for the royalty schedule (Exhibit "A"). The wording of the Sale No. 7 royalty schedule could be interpreted as allowing royalties to be paid on the amount of uranium recovered from the ore by processing although the intent of the schedule was to require that royalties be paid on the amount of uranium contained in the ore. The Geological Survey's wording of the same schedule (copy enclosed) clearly defines that royalties be paid on the ore's uranium content, and we therefore recommend its use for the negotiated lease.
2. We believe that Mr. Warnock's proposed bonus bid of \$8,480.00 (approximately \$52.00 per acre for the 163.38 acres) is also acceptable. We noted that this amount is higher than the average bid per acre (\$43.66) received in Sale No. 7 and significantly more than the \$1.84 per acre high bid received on the allotment in Sale No. 7. We assume that the annual rental and minimum royalty rates would be the same as those set forth in the Sale No. 7 lease terms as we are unaware of any proposal to modify those rates.
3. Mr. Warnock must fully understand that upon execution of a negotiated lease he would be totally responsible for proper abandonment of the leasehold according to the lease terms, including the restoration of any and all damages caused by previous lessees.

It is virtually certain, even without an accurate estimate of ore reserves, that another operator could not economically develop a mining operation within the subject allotment, and to our knowledge Mr. Warnock is the only person who has expressed such an interest in the property. Mr. Warnock's adjacent mining operations would allow mineral development by precluding costly expenditures for separate mine entries and associated surface facilities. In addition, Mr. Warnock's development would avoid further disturbance of the allotment surface and would eliminate the hazardous condition now present

at the unsealed mine entry. If Mr. Warnock cannot negotiate a mining lease and subsequently recover the uranium ore within the property, it is almost certain that the ore will never be mined. We therefore recommend that Mr. Warnock be granted permission to negotiate a uranium mining lease for the allotment.

We are fully cognizant of the fiduciary obligations described in Mr. Mark Adams' letter of January 31, 1979. However, we also realize that there are certain trust responsibilities that must be exercised in the execution of a mineral lease in behalf of an allottee. We therefore request that we be kept fully informed of any and all developments in the negotiation of any Navajo allotted mineral lease.

(ORIG. SGD.) DALE C. JONES

Dale C. Jones
Mining Engineer

Enclosures
DCJ/rg

cc: Chrono
File



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

Navajo Area Office
Window Rock, Arizona 86515

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IN REPLY REFER TO:
ARPM/332

MAR 16 1979

Memorandum

To: Area Mining Supervisor, Conservation Division
U. S. Geological Survey, Albuquerque, New Mexico
Acting Assistant
From: Area Director
Subject: Request for Permission to Negotiate for Uranium Mining Lease
on Allotted Lands

Enclosed are copies of letters dated January 31, 1979 from Mr. Mark K. Adams, attorney for George Warnock, our letter to Mr. Warnock and his reply dated March 7, 1979.

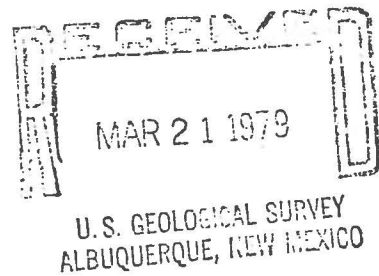
Also enclosed are excerpts from the August 1975 lease sale results which show that Warnock was outbid by Corrine Grace on the subject tract of land. Her bid was also considered low and was rejected. The average bid per acre at Sale No. 7 was \$43.66. Most of the tracts contributing to the average are located close to Crownpoint.

We are requesting your recommendation on Warnock's offer and request to negotiate. Your comments should include economic factors involving Warnock's present operations proximate to the subject land versus the feasibility of entertaining a second operator. Perhaps access problems may arise for a second operator that may hinder development operations. Comments on estimated ore deposits would be helpful.

We will appreciate your comments on this matter.

Jack H. Lynde, Jr.

Enclosures



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
Navajo Agency
Window Rock, Arizona

IN REPLY REFER TO.
Resources
Realty

June 15, 1959

Federal Uranium Corporation
1370 South Third West
Salt Lake City, Utah

Gentlemen:

This is to advise that your Uranium Mining Lease
Contract No. 1-149-Ind.-8913 was cancelled by our area office
effective as of June 2, 1959.

Your \$2,500.00 bond dated September 30, 1955, with
Great American Indemnity Company, New York, N. Y., as surety,
is also cancelled as to any liability as of June 2, 1959.

Sincerely yours,
J. M. D. LONG

M. D. Long
Agency Realty Officer

CC: United States Geological Survey
P. O. Box 829
Carlsbad, New Mexico

RECEIVED

JUN 17 1959

U. S. Geological Survey
Carlsbad, N. M.

P. O. Box 829
Carlsbad, New Mexico

March 30, 1959

Mr. Thomas Lynch
Realty Assistant
Navajo Agency
Window Rock, Arizona

Dear Mr. Lynch:

By letter dated March 9, 1959, in response to your request for reports and recommendations regarding cancellation of uranium leases Nos. I-149-Ind.-8911, -8912, -8913, held by Federal Uranium Corporation, this office advised that lease -8913 should not be cancelled until open ventilation holes had been filled to the surface.

On March 24, 1959, an engineer from this office examined lease -8913 and reported that the open holes remaining on the lease had been satisfactorily plugged. There is attached hereto a copy of a recent letter from Federal Uranium Corporation regarding this matter.

Accordingly, this office offers no further objection to cancellation of lease -8913 and termination of the period of liability under the lease bond.

Sincerely yours,

R. S. Fulton
Regional Mining Supervisor

RSF:nb
Attachment

P. O. Box 829
Carlsbad, New Mexico

March 9, 1959

Mr. Thomas Lynch
Realty Assistant
Navajo Agency
Window Rock, Arizona

Dear Mr. Lynch:

Reference is made to your letter of March 4, 1959, regarding cancellation of allotted land uranium mining leases Nos. I-1149-Ind.-8911, -8912, and -8913. With your letter was transmitted a summary of royalty reports for leases Nos. -8912 and -8913 which you requested be compared with the records of this office.

As regards lease No. 8911, the records of this office indicate that exploratory drilling was done on the land, but no mining operations were conducted and there was no production obtained. There is no objection to cancellation of lease No. 8911.

Lease No. 8912 was examined by me on March 1, 1959. All production from this lease was obtained from open pit operations. The summary of royalty reports furnished by your Agency agrees with the production records maintained by this office. It is noted that this lease originally issued to Glenn D. Williams and J. T. Hutton, and liquidation sheets indicate that the first 10,000 pounds of U3O8, on which the initial production is paid by the Atomic Energy Commission, was produced by Williams and Hutton. This office has no record of payment of royalty on initial production bonus but it is presumed your Agency collected initial production bonus royalty before the lease was assigned to Santa Fe Uranium Company and Federal Uranium Corporation.

The leased lands are satisfactory conditioned for abandonment and there is no objection to cancellation of lease No. 8912.

Lease No. 8913 was examined by me on March 1, 1959. This lease was developed by underground workings through two inclined drifts driven from the surface to the ore horizons. Both inclined drifts have been satisfactorily sealed and the underground workings

are effectively closed. At the No. 1 incline, a 24 by 30-foot sheet iron shop and storage building has been left on the premises. At no. 2 incline a 20 by 10-foot aluminum sheeting storage building and a 20 by 10-foot sheet iron hoisting engine building, open at one end, have been left on the premises in accordance with the terms of the lease. An open ventilation drill hole remains at the No. 1 incline workings and there is attached a copy of my letter to Federal Uranium requesting that this open hole be filled. This office does not recommend cancellation of lease No. 8913 until this dangerous condition has been eliminated.

The summary of royalty reports on lease No. 8913 submitted by you for comparison with the Survey records, agrees with the records of this office except in the following:

On page 1 of your summary for lease No. 8913, 3rd item (field receipt 474269, 11/20/55, royalty period October 1955) shows no entry. Attached is a copy of liquidation No. 1-478, covering shipment of 95.6370 tons to the Anaconda Company, with a royalty value of \$52.22, which is applicable to this period.

On page 2 of your summary of lease No. 8913, 1st and 2nd items (field receipts 520868, 520869, royalty period May 1958) you show royalty payments of \$1,196.18 and \$758.00. The Survey records do not show any liquidation sheets applicable to these sums and we are unable to reconcile these two entries.

Also attached is a copy of liquidation No. 111, Home-stake- - New Mexico Partners mill showing production of 529.459 tons for February 1959. This is the last production from lease 8913. Otherwise your summary of royalty reports agrees with the Survey records.

The records of this office also show that lease No. 8913 was originally issued to Glenn B. Williams and J. T. Hutton and again it is presumed that royalty on initial production bonus was collected before the lease was assigned to Santa Fe Uranium Company and Federal Uranium Corporation.

Accordingly, as to matters within the jurisdiction of the Geological Survey, there is no objection to cancellation of leases Nos. 8911 and 8912 at this time.

This office will advise you when Federal Uranium Corporation has satisfactorily conditioned lease No. 8913 for abandonment.

Sincerely yours,

L. S. Fulton
Regional Mining Supervisor



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 829
Carlsbad, New Mexico

AIR MAIL

March 9, 1959

Federal Uranium Corporation
248 South Main Street
Salt Lake City 10, Utah

Attention: Mr. Ed Buoy
Mine Superintendent

Gentlemen:

On March 1, 1959, I examined your abandoned mining lease I-1149-Ind.-8913 located at Haystack Butte, McKinley County, New Mexico. The Navajo Agency advises that this lease, in addition to leases Nos. -8911 and -8912, has been surrendered for cancellation.

Both inclines leading to the underground workings on lease No. 8913 have been satisfactorily sealed. However, there remains an open drill hole, approximately 18 inches in diameter, which was used for ventilating the west workings off the No. 1 incline. The hole is located approximately 400 feet west of the incline and approximately 100 feet northeast of the cap magazine, and is about 30 feet north of the circle drive leading from the No. 1 incline surface area to the cap magazine and the powder magazine. Scrap sheet iron has been placed over the open hole.

This open hole is very dangerous as a child or a small adult could easily fall into it. Federal Uranium is requested to fill this open hole with dirt to the surface of the ground, and in the event there are other open ventilation holes which I failed to notice, these also should be filled.

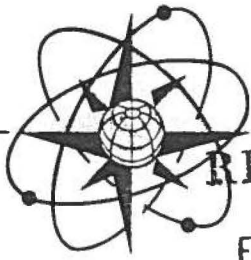
Please attend to this matter as soon as possible and advise this office when the work has been completed, as lease No. 8913 will not be cancelled and the surety bond released until this dangerous condition has been eliminated.

Very truly yours,

R. S. Fulton
Regional Mining Supervisor

RSF:mb

cc: Navajo Agency, Window Rock, Arizona



FEDERAL URANIUM CORPORATION

RECEIVED

170 SOUTH THIRD WEST / SALT LAKE CITY, UTAH / HUNTER 4-4382

FEB 19 1959

Feb. 17, 1959

U. S. Geological Survey
Carlsbad, N. M.

United States Geological Survey
F.O. Box 829
Carlsbad, New Mexico

To whom it may concern:

This letter is for the purpose of notifying the U.S.G.S office that the Federal Uranium Corp. in tends to cease operation on Mining Lease I-149-IND-8913 located at Haystack Butte, McKinley county, New Mexico effective as of March 1, 1959. The Bureau of Indian Affairs at Window Rock, Arizona has been notified of our intentions.

If an inspection of this property is desired by yourx officers, they are welcome to do so at any time, altho the underground workings will be sealed off within the next week. I certainly would appreciate a reply in regards to your intentions in this matter.

Sincerely yours,

Ed Buoy

Ed Buoy, Mine Supt.

P.O. Box 655

Grants, New Mexico

Copy Mailed to Wash. D.C.

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

U. S. Geological Survey
Carlsbad, N. M.

CONTRACT No.
X-149-INC.-1713

ASSIGNMENT OF MINING LEASE

17131

WHEREAS, the Secretary of the Interior has heretofore approved Uranium
mining lease, dated the 7 day of June, 1951, entered into by and between
Brown Vandever, Allottee No. 077031, lessor,
and Glenn D. Williams and J. T. Sutton (Later assigned to Santa Fe Lessee,
Uranium Company)
covering the following-described lands in the County of McKinley (Eastern Navajo)
(Insert name of Reservation, Pueblo, Nation, etc., as needed)
in the State of New Mexico, to-wit:

Lots 3, 4, & 1/2 & 1/4 of

Section 18,

Township 13 North, Range 10 West, N.M.P.M.

Containing 163.38 Acres

NOW, THEREFORE, for and in consideration of One and no/100
_____ dollars (\$1.00), the receipt of which is hereby acknowl-
edged, the said Santa Fe Uranium Company (Now merged into Federal Uranium
Corp.)
the owner of the above-described lease, hereby bargains, sells, transfers, assigns, and conveys by the
above mentioned merger all of its right, title, and interest in and to said lease,
and all of its right, title and interest in and to the land therein
described,

subject to the approval of the Secretary of the Interior, to Federal Uranium Corporation
_____, of New Mexico

Said assignment to be effective from date of approval hereby by the Secretary of the Interior.

IN WITNESS WHEREOF, the said assignor has hereunto set _____ hand and seal, this 14th
day of September, 1955

Santa Fe Uranium Company

H. P. Brownson
J. Thomas
Sec.

ACKNOWLEDGMENT OF CORPORATION

STATE OF Mississippi }
COUNTY OF Itasca } ss:

Before me, a notary public, in and for said county and State on this 14 day of September, 1955
personally appeared H.R. Brownson & A.D. Morgan
to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its
President and Secretary and acknowledged to me that
he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corpora-
tion, for the uses and purposes therein set forth.

My commission expires July 18, 1959

Margaret M. Stewart
Notary Public.

ACKNOWLEDGMENT OF INDIVIDUAL

STATE OF _____ }
COUNTY OF _____ } ss:

Before me, a notary public, in and for said county and State, on this _____ day of _____, 19____
personally appeared _____

_____, to me known to be the identical person who executed the
within and foregoing instrument, and acknowledged to me that _____ executed the same as _____ free
and voluntary act and deed for the uses and purposes therein set forth.

My commission expires _____, 19____

Notary Public.

ACCEPTANCE BY ASSIGNEE

The assignee in the above and foregoing assignment, made subject to the approval of the Secretary of the Interior,
hereby accepts such assignment and agrees to fulfill all the obligations, conditions, and stipulations in said described inden-
ture of lease, when assigned, and the rules and regulations of the Secretary of the Interior applicable thereto, and to fur-
nish proper bond guaranteeing a faithful compliance with said lease and this agreement.

IN WITNESS WHEREOF, the said assignee has hereunto set _____ hand and seal this 14
day of September, 1955

Attest: [Signature]

Federal Uranium Corporation

By: [Signature]

CONSENT OF SURETY

The _____, of
_____, surety for _____
_____ on the bond accompanying the lease above described, hereby
consents to the assignment and transfer of said lease as above made and agrees that said bond shall remain in force and
effect covering obligations of assignee.

Dated at _____ this _____ day of _____, 19____

UNITED STATES
DEPARTMENT OF THE INTERIOR,

Washington, D. C., _____

APPROVED: [Signature] **GLENN L. EMMONS**

Commissioner Indian Affairs.

Approved under authority delegated
by Secretarial Order No. 2508,
January 11, 1949 (14 F.R. 258-260),
and Order No. 551, Amended 1947

U. S. GOVERNMENT PRINTING OFFICE

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

CONTRACT No.

I-149-Ind-8913

JUL 16 1954

U. S. Geological Survey
Carlsbad, N. M.

ASSIGNMENT OF MINING LEASE

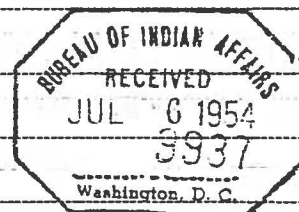
WHEREAS, the Secretary of the Interior has heretofore approved Uranium
mining lease, dated the 7th day of June, 1951, entered into by and between
BROWN VANDEVER, Navajo Indian Allottee 077031, lessor,
and GLENN D. WILLIAMS and J. T. HUTTON, lessee,
covering the following-described lands in the County of McKinley (Eastern Navajo)
(Insert name of Reservation, Pueblo, Nation, etc., as needed)
in the State of New Mexico, to wit:

Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{2}$ of

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Township 13 North, Range 10 West, N.M.P.M.

Containing 163.38 Acres



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----- dollars (\$1.00), the receipt of which is hereby acknowl-
Glenn D. Williams (Assignee of J. T. Hutton and Parallee
edged, the said Hutton, his wife) (whose wife Edith A. Williams joins
him in the execution hereof)
the owner of the above-described lease, hereby bargains, sells, transfers, assigns, and conveys

All their right, title, and interest in and to said lease,
and all their right, title and interest in and to the land therein
described

subject to the approval of the Secretary of the Interior, to Santa Fe Uranium Company
-----, of Salt Lake City, Utah.

Said assignment to be effective from date of approval hereby of by the Secretary of the Interior.

IN WITNESS WHEREOF, the said assignor has hereunto set our hand and seal, this 23rd
day of June, 1954

Glenn D. Williams
Edith A. Williams

ACKNOWLEDGMENT OF CORPORATION

STATE OF _____ }
COUNTY OF _____ } ss:

Before me, a notary public, in and for said county and State on this _____ day of _____, 19____ personally appeared _____ to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its _____ and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

My commission expires _____, 19____

Notary Public.

ACKNOWLEDGMENT OF INDIVIDUAL

STATE OF New Mexico }
COUNTY OF McKinley } ss:

Before me, a notary public, in and for said county and State, on this 23rd day of June, 1954 personally appeared _____

GLENN D. WILLIAMS and EDITH A. WILLIAMS, his wife

_____, to me known to be the identical person ^s who executed the within and foregoing instrument, and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

My commission expires December 30, 1954.

Notary Public.

ACCEPTANCE BY ASSIGNEE

The assignee in the above and foregoing assignment, made subject to the approval of the Secretary of the Interior, hereby accepts such assignment and agrees to fulfill all the obligations, conditions, and stipulations in said described indenture of lease, when assigned, and the rules and regulations of the Secretary of the Interior applicable thereto, and to furnish proper bond guaranteeing a faithful compliance with said lease and this agreement.

IN WITNESS WHEREOF, the said assignee has hereunto set our hand and seal this 23rd day of June, 1954

SANTA FE URANIUM COMPANY

ATTEST:

By N. Louis H. Schmidt
Vice President

Secretary

CONSENT OF SURETY

The CENTRAL SURETY AND INSURANCE CORPORATION, of Kansas City, Missouri, surety for Glenn D. Williams

_____ on the bond accompanying the lease above described, hereby consents to the assignment and transfer of said lease as above made and agrees that said bond shall remain in force and effect covering obligations of assignee.

Dated at Kansas City, Missouri this 11th day of June, 1954

CENTRAL SURETY AND INSURANCE CORPORATION

By J. J. Daniels, Jr.

UNITED STATES
DEPARTMENT OF THE INTERIOR,

Washington, D. C., JUL - 9 1954

APPROVED:

[Signature]

Indian Affairs

Chief, Branch of _____



7 -

Conservation Division
P. O. Box 26124
Albuquerque, New Mexico 87125

March 26, 1979

Memorandum

To: Area Director, Navajo Area Office, BIA

From: Mining Engineer, SRMA, Albuquerque, New Mexico

Subject: Request for permission to negotiate a uranium mining lease for a Navajo allotment (SW/4, Sec. 18, T. 13 N., R. 10 W., McKinley County, New Mexico)

The subject allotment was previously leased under Navajo Allotted Uranium Leases I-149-Ind-8913 which was cancelled June 2, 1959 and 14-20-0603-7240 which expired October 12, 1972. Underground mining operations were conducted within the allotment during both of these leases. Our records contain some old information regarding uranium ore existing within the property, but the data are neither sufficient nor accurate enough to permit calculation of ore reserves. The data do indicate that commercially valuable uranium ore may occur within the allotment, as does the subject request. We have been advised that Mr. Warnock has no ore reserve data for the property and that exploration would undoubtedly be necessary to verify the presence of recoverable uranium ore deposits.

At the present time, we have no information about Mr. Warnock's ongoing mining operations in Sec. 13, T. 13 N., R. 11 W; however, Mr. Warnock will allow us to review his records if we feel it is necessary. We have been advised that Mr. Warnock does have active underground mine workings immediately adjacent to the subject allotment and that access to the subject allotment could be gained from these workings.

According to our files, the subject allotment was satisfactorily conditioned for abandonment under lease I-149-Ind-8913. Such was not the case for lease 14-20-0603-7240, and a 1977 field inspection revealed that the last lessee did not properly abandon the property (copy of inspection report enclosed). We are

particularly concerned that one of the mine entries, a declined shaft, is not sealed and presents an extremely hazardous condition considering the proximity of occupied residences. We have discussed this situation with Mr. Thomas Lynch, Realty Specialist at the Navajo Area Office. To the best of our knowledge, the entry is still open.

We have reviewed Mr. Warnock's proposed lease terms, and our comments and recommendations are listed below.

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(ORIG. SGD.) DALE C. JONES

Dale C. Jones
Mining Engineer

Enclosures

DCJ/rg

cc: Chrono
File



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

Navajo Area Office
Window Rock, Arizona 86515

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IN REPLY REFER TO:
ARPM/332

MAR 16 1979

Memorandum

To: Area Mining Supervisor, Conservation Division
U. S. Geological Survey, Albuquerque, New Mexico
Acting Assistant
From: Area Director

Subject: Request for Permission to Negotiate for Uranium Mining Lease
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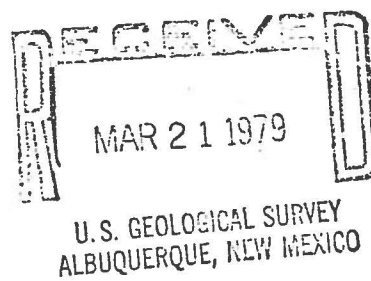
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We will appreciate your comments on this matter.

John H. Lynch, Jr.

Enclosures



P. C. Box 829
Carlsbad, New Mexico
March 11, 1958

MINE INSPECTION REPORT
INDIAN ALLOTTED LAND
MC KINLEY COUNTY, NEW MEXICO

ALLOTTED LEASE
I-1149-Ind-8913

by
Howard B. Mickelson
Mining Engineer

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
CONSERVATION DIVISION - MINING BRANCH

On February 27, 1958, I made an inspection of Lease I-1149-Ind-8913 (Uranium) on Indian Allotted land (Brown Vandever Allottee No. 077031) located in SW $\frac{1}{4}$ of Section 18, T. 13 N., R. 10 W., N.M.P.M., McKinley County, New Mexico, approximately 5 miles northeast of Prewitt. The lease originally issued to Glenn Williams and J. T. Hutton in June, 1951, was assigned, July, 1954, to the Santa Fe Uranium Company which has since merged with Federal Uranium Corporation, Box 655, Grants, New Mexico.

Ed Buoy, mine superintendent and Mr. Joe D. Longacre, Sr., Deputy State Mine Inspector accompanied the examiner.

Since the last inspection on August 13, 1957, a new shaft 220 feet long, inclined 20 degree has been sunk to intersect an ore body recently found by drilling. This ore body is flat lying deposit in the Todelta limestone. The new shaft is approximately 500 feet in a northerly direction from the old underground workings on Lease I-1149-Ind-8913. Mr. Buoy stated the ore reserves from this deposit are expected to be worth \$500,000. The company map showed the deposit to be about 300 feet long and 250 feet wide and Mr. Buoy stated the ore was about 6 to 7 feet thick. Some ore outlines have been found extending from the main body by the exploratory drilling. Exploratory drilling is still being carried out to further delineate the ore body to the north.

An exceptional nice job has been done on the shaft. The shaft is completely timbered and lagged with sawed timber. A shaft station about 16 feet wide and 50 feet long has been driven along the ore zone. Mr. Buoy plans to rock bolt the back of the station.

A short opening off the station to the north will serve as a primer magazine, this room will have a wooden bench for making up primers and a door that can be locked.

Due to the loss of uranium values in the fines an undercutting method in the waste at the floor of the drift is used. A center V cut is drilled and blasted in the first two feet of waste in the floor of the drift. This waste is removed and six holes drilled in the ore are blasted, breasting the ore to the undercut. This method serves to keep the ore coarse, cuts the loss of fines and prevents intermixing of the ore and waste.

A suction fan with a 10 inch metal vent pipe installed in the incline and a fan on the surface hooked to a 8 inch vertical hole drilled into the station provides ample ventilation. Enlarged drill holes will serve for ventilation as the workings progress.

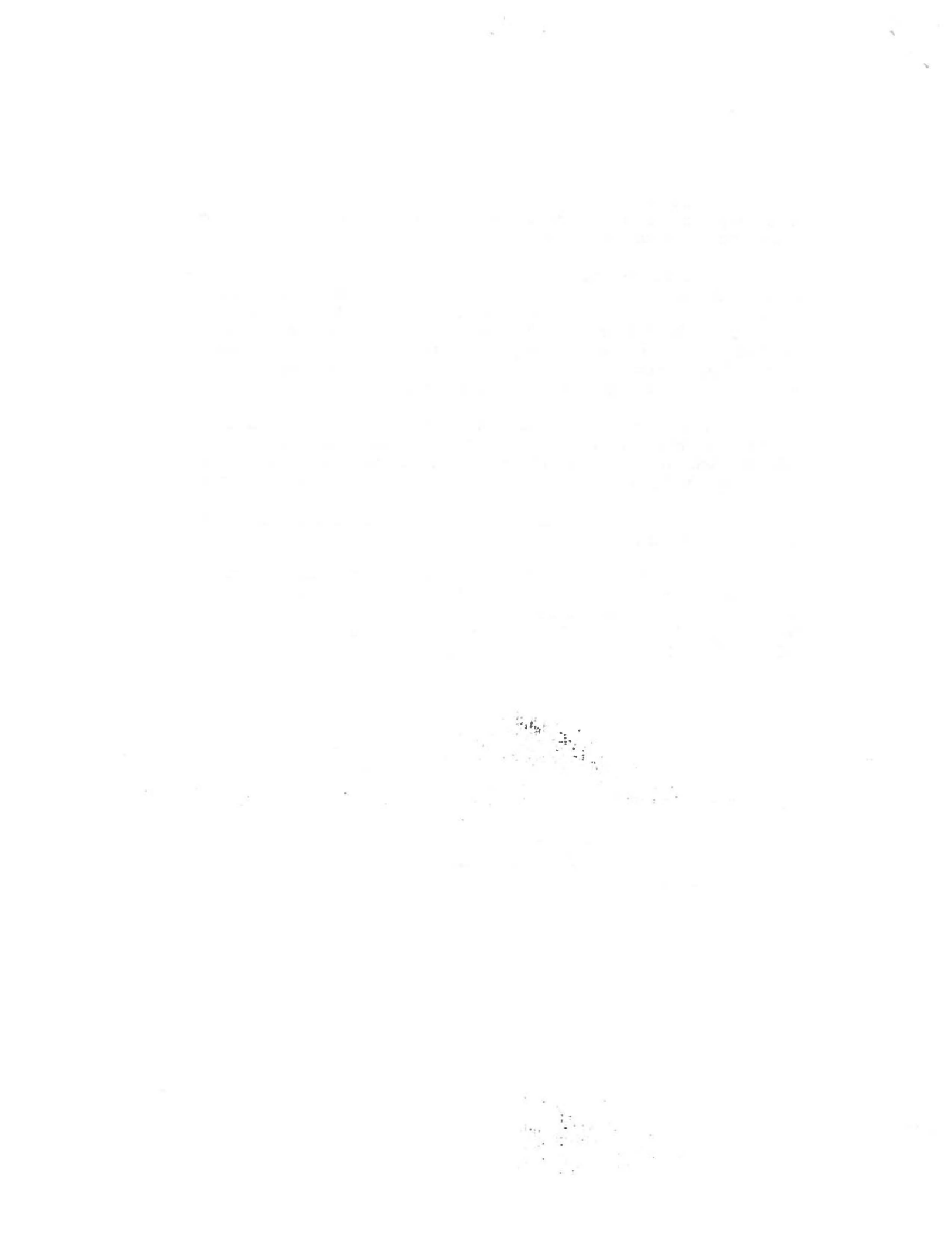
The mine employs 12 men, 2 shifts per day, and of these men 5 are Navajos.

Apparently no ore is being produced from the old underground workings or the open pits on this or the adjoining allotted leases. The last production reported from this lease was in September, 1957, and the last reported production from lease I-149-Ind.-8912 was in November, 1957.

Howard B. Nickelson
Mining Engineer

HBN:nb

Orig to: Supt., Navajo Agency
cc: Comm., Office of Indian Affairs
: Chief, Mining Branch
: Files —



P. O. Box 829
Carlstad, New Mexico
February 24, 1959

MINE INSPECTION REPORT
INDIAN ALLOTTED LAND
McKENLIE COUNTY, NEW MEXICO

ALLOTTED LEASE
I-149-Ind-8913

By
James W. Hager
Mining Engineer

U. S. DEPARTMENT OF THE INTERIOR
Geological Survey
CONSERVATION DIVISION - MINING BRANCH

On February 5, 1959, I examined Mining Lease I-149-Ind-8913 (Uranium) on Indian allotted land (Brown Vandever Allottee No. 077031) located in the SW $\frac{1}{4}$, Section 18, T. 13 N., R. 10 W., N.M.P.M., approximately 5 miles northeast of Frewett, New Mexico. The lease originally issued to Glen Williams and J. T. Hutton in June, 1951, was assigned July, 1954, to the Santa Fe Uranium Company which has since merged with Federal Uranium Corporation the present operators.

The mine was opened through a 235 foot, 20 degree incline. The workings were connected to the mined-out area of the No. 1 incline mine. On date of examination ventilation which was by natural means was good. All work was within 300 feet of the No. 2 incline portal.

Mining was limited to the removal of two last pillars and a small amount of ore remaining on the left of the main haulage drift. The mine foreman estimated that about 800 tons of ore remained and that mining would be completed by March 1st. The area mined from the No. 2 incline produced 1,947.8 tons valued at \$69,642.05, from January 1954 to February 1959. Extraction from the mine appeared very high, only one small stamp composed of low grade ore was seen in the mined out area. The old No. 1 incline had been boarded up securely. The mine foreman stated that the No. 2 incline would be boarded up and put in condition for abandonment.

On date of examination there were 6 men employed on a 1 shift 5 day week basis. About 35 tons of ore were produced daily.

J. W. Hager
J. W. Hager
Mining Engineer

Orig. to: Supt., Navajo Agency
cc: Comm., Office of Ind. Affairs
: Chief, Mining Branch

P. O. Box 829
Carlsbad, New Mexico
August 28, 1957

MINE INSPECTION REPORT
INDIAN ALLOTTED LANDS
MCKINLEY COUNTY, NEW MEXICO

ALLOTTED LEASE
I-149-Ind-8913

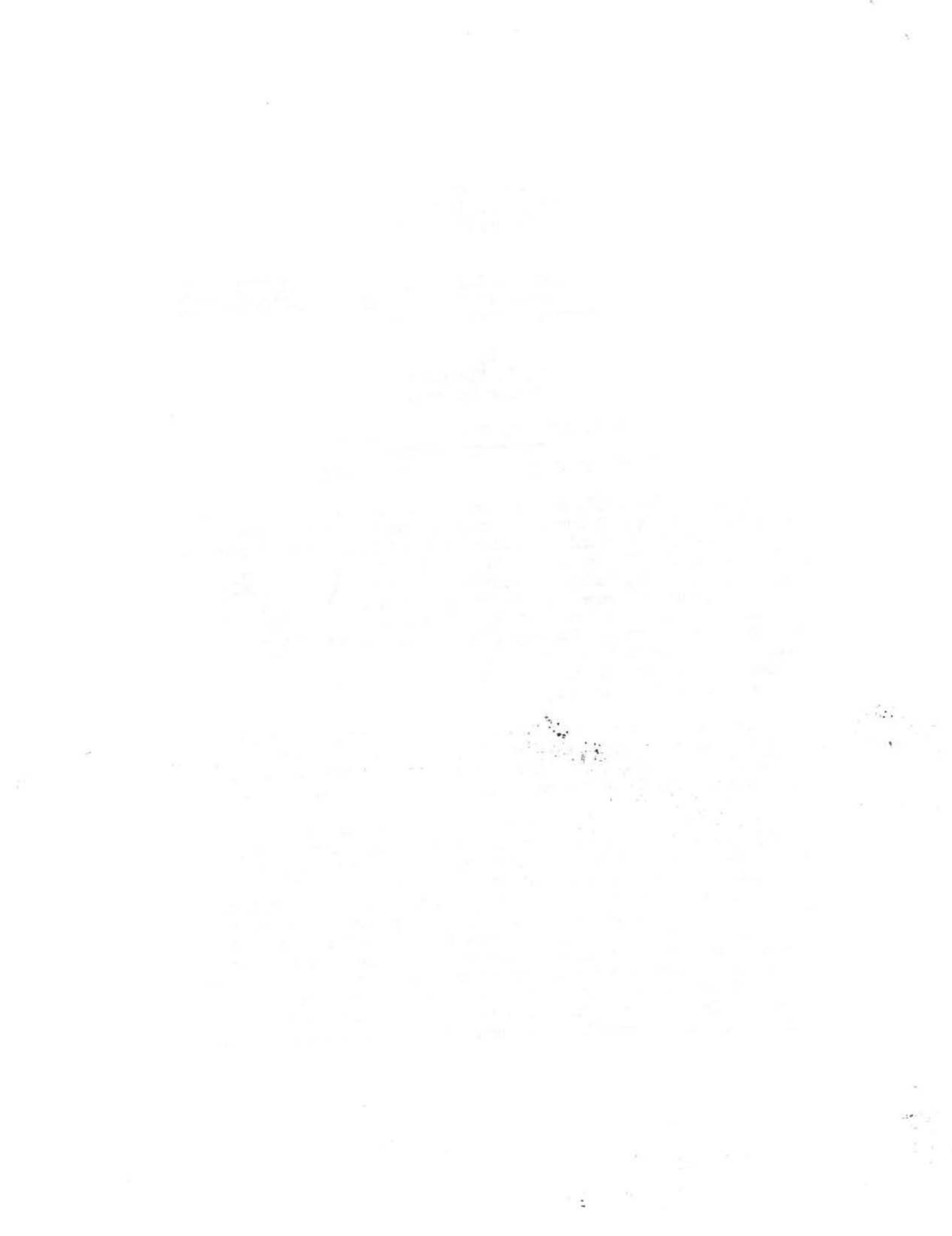
by
H. B. Nickelson
Mining Engineer

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
CONSERVATION DIVISION - MINING BRANCH

On August 13, 1957, accompanied by J. W. Hager Mining Engineer, U. S. Geological Survey, I made an inspection of Lease I-149-Ind-8913 (Uranium) on Indian allotted land (Brown Vandever-Allottee No. 077031) located in SW $\frac{1}{4}$ of Section 18, T. 13 N., R. 10 W., N.M.P.M., McKinley County, New Mexico) approximately 5 miles northeast of Prewett. The lease originally issued to Glenn Williams and J. T. Hutton in June, 1951 was assigned, July, 1951, to the Santa Fe Uranium Company which has since merged with Federal Uranium Corporation, Box 655, Grants, New Mexico. Bruce Caldwell, Mine Foreman, accompanied the examiners. Ed Bouy, Mine superintendent was away on business.

The ore occurs in the Todolito limestone, within a fracture zone that trends along the crest of minor folds. The ore occurs as flat lying bodies that range from one to six feet thick and from five to twenty feet wide.

The lease has been developed by a incline shaft approximately 170 feet long that connects with a haulage level about 1500 feet long. This haulage level was driven in a sandstone bed below the productive limestone bed. Short 20 to 25 foot raises driven approximately 100 feet apart along the haulage way intersect the overlying ore zone. All mining has been by modified breast stoping with an occasional small pillar and a few stulls for roof support. Air slushers are used to remove the ore from the stopes to the raises and one ton cars carry the ore along the haulage level, up the incline to the ore bin. The mine is ventilated by blowing down 1 inch exploration drill holes located in each stope and by several 8 inch exhaust holes located along the

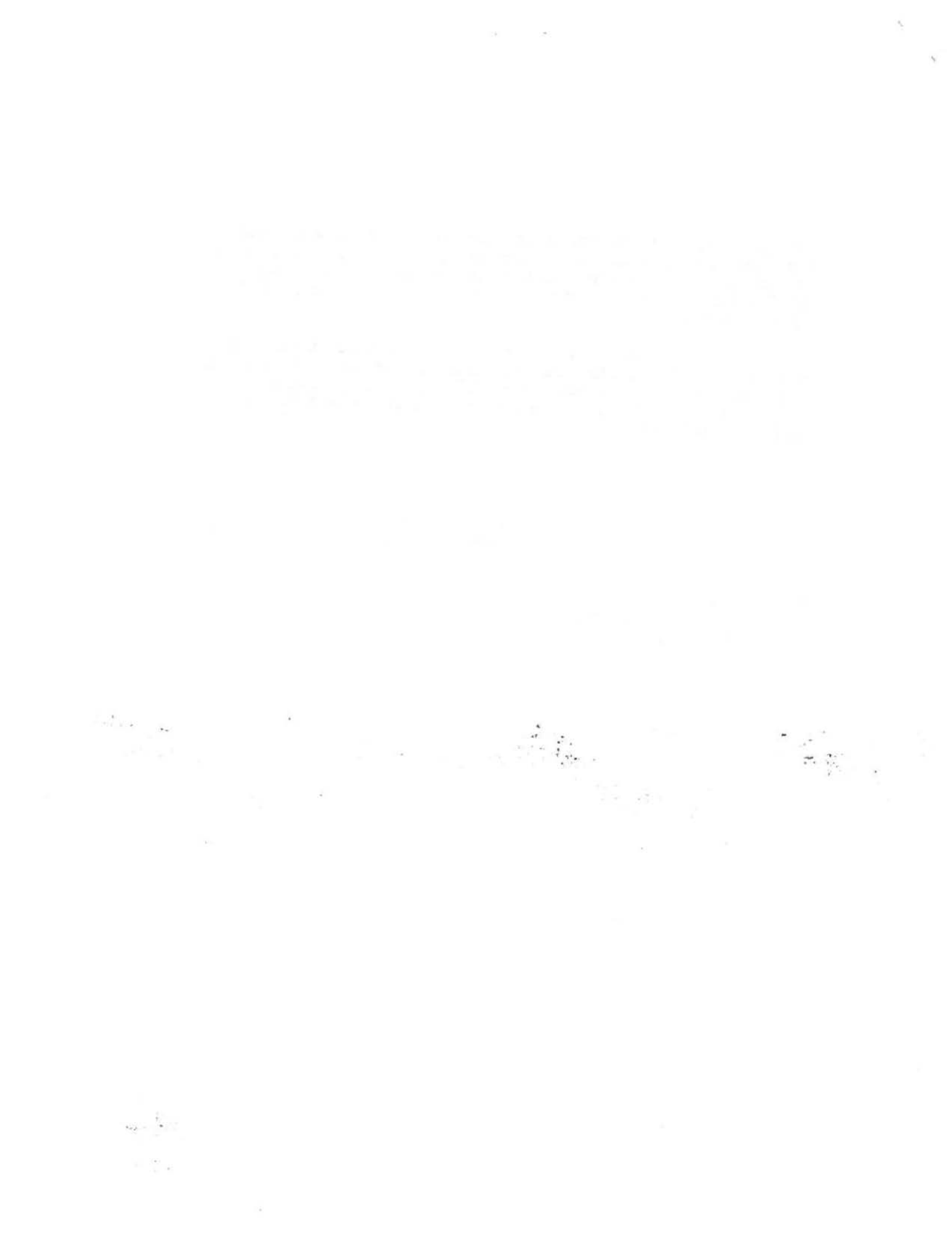


haulage level. The foreman stated another 8 inch exhaust hole was planned as soon as the company drill rig was repaired. This hole would improve the ventilation at the face of the haulage level and in the working stopes. The mine employs 7 miners, 5 days per week.

The foreman stated most of the known ore reserves had been mined and it is estimated the potential life of the mine is about 5 months. During the fiscal year 1957 the property produced 6,077.02 tons of high line ore averaging 0.306 percent V_2O_5 and 0.1757 percent U_3O_8 .

H. B. Nickelson
Mining Engineer

Orig. to: Supt., Navajo Agency
cc: Comm., Office of Indian Affairs, Washington
: Chief, Mining Branch
: Files —



P. O. Box 829
Carlsbad, New Mexico
December 19, 1956

MINER INSPECTION REPORT
ALLOTTED LANDS
MCINTOSH COUNTY, NEW MEXICO

ALLOTTED LEASE
I-149-Ind-8913

by
J. W. Hager
Mining Engineer

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
CONSERVATION DIVISION - MINING BRANCH

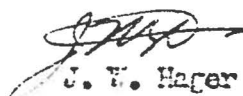
On November 28, 1956, an inspection was made of Lease I-149-Ind-8913 (Uranium) on Indian allotted land (Brown Vandever - Allottee No. 077031) located in SW $\frac{1}{4}$ of Sec. 18, T. 13 N., R. 10 W., N.M.P.M., approximately 5 miles northeast of Frewett, New Mexico. The lease originally issued to Glenn Williams and J. W. Hutton in June 1951 was assigned July 1951 to the Santa Fe Uranium Company which has since merged with Federal Uranium Corporation.

The ore occurs in the Todelito limestone, in irregular bodies a few inches to 5 feet thick. The lease had been developed by an incline of approximately 170 feet. All mining has been by modified breast stoping with occasional pillars left for roof support.

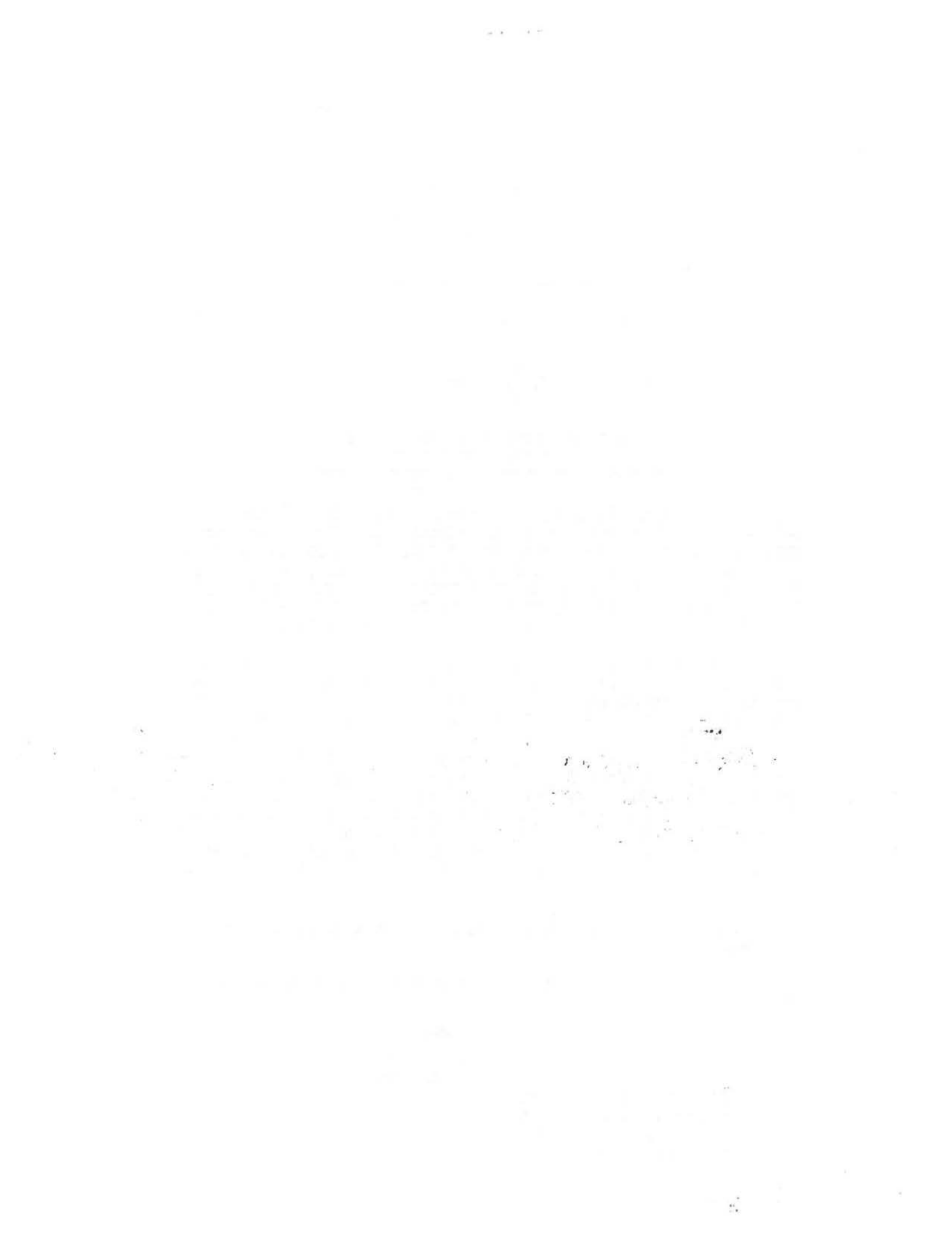
Ventilation on date of inspection was by gasoline driven fans blowing through several 8" drill holes and was adequate. Drilling was done wet by jackhammers mounted on pneumatic legs; no dust was visible in the atmosphere. The ore from the stopes which are located from 7 to 8 feet above the haulage drifts is slushed by compressed air slushers into one ton cars which are hand trammed to the bottom of the incline from where they are hauled up the incline by a gasoline driven hoist.

The mine operated two shifts, five days a week. 13 men were employed.

A map of the mine has been received for the files of the Geological Survey.


J. W. Hager
Mining Engineer

Orig. to: Supt., Navajo Agency
cc: Comm., Office of Indian Affairs
: Chief, Mining Branch
: Files



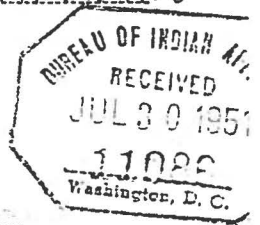
UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF INDIAN AFFAIRS

Contract No. I-149-Ind-8913

MAY 15 1952

MINING LEASE ALLOTTED INDIAN LANDS

(For Minerals other than Oil and Gas)



MINING LEASE Reservation
(Write all names and addresses in full)

THIS INDENTURE OF LEASE, made and entered into in quintuplicate, on this 7 day of

June, 1951, by and between UNITED STATES

allottee No. 077021 of the Navajo tribe of Indians,

of Navajo County, State of Arizona

part 8 of the first part, hereinafter called the lessor, and UNITED STATES

U. S. Forest, of Navajo

State of Arizona, part 2nd of the second part, hereinafter called the lessee, under and in pursuance of the provisions of existing law and the rules and regulations prescribed by the Secretary of the Interior relative to mining leases covering restricted Indian allotments.

WITNESSETH Cash bonus of \$750.00

1. That the lessor, for and in consideration of \$750.00 receipt whereof is hereby acknowledged, and of the royalties, covenants, stipulations, and conditions hereinafter contained and hereby agreed to be paid and observed by the lessee, doth hereby demise, grant, and lease unto the said lessee, the following-described tract of land lying and being within the

Reservation, county of Navajo, and State of Arizona

to wit: 1000 S. E. 1/4 S. 1/4

of section 15, township 15 N., range 10 E., meridian, and containing

16.43 acres, more or less, for the full term of 15 years from the date of approval hereof, for the

sole purpose of prospecting for and mining minerals, as follows: 1000 S. E. 1/4 S. 1/4

the lessee to occupy so much only of the surface of said land as may be reasonably necessary to carry on the work of prospecting for, mining, milling, storing, and removing such minerals.

2. The term "Superintendent" as used herein shall refer to the superintendent or other official in charge of the Indian Agency having jurisdiction over the lands leased.

3. In consideration of the foregoing, the lessee hereby agrees:

(a) **ROYALTY.**—To pay, or cause to be paid, to the Superintendent, for the use and benefit of the lessor, as royalties, the sums of money as follows, to wit:*

All royalties accruing for any month shall be due and payable on or before the twenty-fifth day of the month succeeding.

(b) **ANNUAL RENTAL.**—To pay, or cause to be paid, to the Superintendent for the use and benefit of the lessor, in advance beginning with the date of approval of the lease, as annual rental, the following: Twenty-five cents per acre for the first calendar year or fraction thereof, 50 cents per acre per annum for the second and third years, and \$1 per acre per annum in advance for each and every calendar year thereafter during the continuance of the lease; it being understood and agreed that said sum so paid shall be a credit on the royalties accruing during the year for which the payment of annual rental is made, and that said annual rental when paid shall not be refunded to the lessee because of any subsequent surrender or cancellation hereof.

(c) **DILIGENCE, PREVENTION OF WASTE.**—To exercise diligence in the conduct of prospecting and mining operations; to carry on development and operations in a workmanlike manner and to the fullest possible extent; to commit no waste on the said land and to suffer none to be committed upon the portion in his occupancy or use; to comply with all the requirements of the laws of the State in which the land is located; to take appropriate steps for the preservation of the property and the health and safety of workmen; promptly to surrender and return the premises upon the termination of this lease to whomsoever shall be lawfully entitled thereto, in as good condition as received, excepting for the ordinary wear and tear and unavoidable accidents in their proper use; not to remove therefrom any buildings or permanent improvements erected thereon during the said term by the said lessee, but said buildings and improvements shall remain a part of said land and become the property of the owner of the surface of the land, excepting the office fixtures and records, personal property, tools, pumping and drilling outfits, boilers, engines, and mining machinery, which shall remain the property of the lessee and may be removed at any time prior to 30 days after the termination of the lease by forfeiture or otherwise, provided the payments agreed upon by this lease have been made and the lease terms and regulations applicable thereto have been fully complied with, but not otherwise; not to permit any nuisance to be maintained on the premises under lessee's control, nor allow any intoxicating liquors to be sold or given away for any purpose on such premises; and not to use such premises for any other purposes than those authorized in this lease.

(d) **DEVELOPMENT.**—The land described herein shall not be held by the lessee for speculative purposes, but in good faith for mining the minerals specified; and the failure by the lessee in the diligent development and continued operation of the mine or mines, except when operations may be interrupted by strikes, the elements, or casualties not attributable to the lessee, shall be held as a want of compliance with the purposes of this lease and shall render it subject to cancellation: *Provided*, That whenever the Secretary of the Interior shall consider the marketing facilities inadequate or the economic conditions unsatisfactory, he may authorize the suspension of operations for such time as he may deem advisable, but such action will not release the lessee from the payment of the advance annual rental.

(e) **MONTHLY STATEMENTS.**—To keep an accurate account of all mining operations, showing the sales, prices, dates, purchasers, and the whole amount of minerals mined, the amount removed, and the gross receipts derived therefrom, and to furnish the Superintendent sworn monthly reports thereon not later than the twenty-fifth of the succeeding month; and all sums due as royalty and advance rental shall be a lien on all implements, tools, movable machinery, and all other personal chattels used in operation upon said property, and upon all of the unsold minerals obtained from the land herein leased, as security for payment of said sums. An audit of the lessee's accounts and books shall be made annually or at such times as may be directed by the Superintendent by certified public accountants approved by the Secretary of the Interior and at the expense of the lessee. The lessee shall furnish free of cost a copy of such audits to the Secretary of the Interior through the Superintendent within 30 days after the completion of each auditing.

(f) **REGULATIONS.**—To abide by and conform to any and all regulations of the Secretary of the Interior now or hereafter in force relative to such leases: *Provided*, That no regulations hereafter approved shall effect a change in rate of royalty, the annual rental herein specified, or the term of this lease, without the written consent of the parties to this lease.

* Here insert the royalties agreed upon in accordance with applicable regulations.

(g) ASSIGNMENT OF LEASE.—Not to assign this lease or any interest therein by an operating agreement or otherwise nor to sublet any portion of the leased premises before restrictions are removed, except with the approval of the Secretary of the Interior. If this lease is divided by the assignment of an entire interest in any part of it, each part shall be considered a separate lease under all the terms and conditions of the original lease.

(h) BOND.—To furnish such bond as may be required by the regulations of the Secretary of the Interior conditioned upon compliance with the terms of this lease.

4. MILLING.—All ores or minerals mined on said land shall be cleaned and prepared for market thereon, and no ore or crushed material shall be removed therefrom to be cleaned or prepared for market without the written consent of the Secretary of the Interior.

5. INSPECTION.—The leased premises and producing operations, improvements, machinery and fixtures thereon and connected therewith, and all books and accounts of the lessee shall be open at all times for inspection by the lessor and his agents or any duly authorized representative of the Secretary of the Interior.

6. DISPOSITION OF SURFACE.—The lessor expressly reserves the right to lease, sell, or otherwise dispose of the surface of the lands embraced within this lease under existing law or laws hereafter enacted, such disposition to be subject at all times to the right of the lessee herein to the use of so much of said surface as is necessary in the extraction and removal of the minerals from the land herein described in accordance with this lease.

7. SURRENDER AND TERMINATION.—The lessee shall have the right at any time during the term hereof to surrender and terminate this lease or any part thereof upon the payment of all rentals, royalties, and other obligations due and payable to the lessor, and the further sum of \$1, and in the event restrictions have not been removed, upon a showing satisfactory to the Secretary of the Interior that full provision has been made for the conservation and protection of the property, the lease to continue in full force and effect as to the lands not so surrendered. If this lease has been recorded lessee shall file a recorded release with his application to the Superintendent for termination of this lease.

8. CANCELATION AND FORFEITURE.—When, in the opinion of the Secretary of the Interior, there has been a violation of any of the terms and conditions of this lease before restrictions are removed, the Secretary of the Interior shall have the right at any time after 30 days' notice to the lessee, specifying the terms and conditions violated, and after a hearing, if the lessee shall so request within 30 days of receipt of notice, to declare this lease null and void, and the lessor shall then be entitled and authorized to take immediate possession of the land: *Provided*, That after restrictions are removed the lessor shall have and be entitled to any available remedy in law or equity for breach of this contract by the lessee.

9. RELINQUISHMENT OF SUPERVISION BY THE SECRETARY OF THE INTERIOR.—Should the Secretary of the Interior, at any time during the life of this instrument, relinquish supervision as to all or part of the acreage covered hereby, such relinquishment shall not bind lessee until said Secretary shall have given 30 days' written notice. Until said requirements are fulfilled, lessee shall continue to make all payments due hereunder as provided in section 3 (a) and (b). After notice of relinquishment has been received by lessee, as herein provided, this lease shall be subject to the following further conditions:

(a) All rentals and royalties thereafter accruing shall be paid directly to lessor or his successors in title.

(b) If, at the time supervision is relinquished by the Secretary of the Interior as to all lands included in this lease, lessee shall have made all payments then due hereunder, and shall have fully performed all obligations on its part to be performed up to the time of such relinquishment, then the bond given to secure the performance hereof, on file in the Indian Office, shall be of no further force or effect.

10. HEIRS AND SUCCESSORS IN INTEREST.—It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to, the heirs, executors, administrators, successors of, or assigns of the respective parties hereto.

11. GOVERNMENT EMPLOYEES CANNOT ACQUIRE LEASE.—No lease, assignment thereof, or interest therein will be approved to any employee or employees of the United States Government whether connected with the Indian Service or otherwise, and no employee of the Interior Department shall be permitted to acquire any interest in such leases by ownership of stock in corporations having leases or in any other manner.

IN WITNESS WHEREOF, the said parties have hereunto subscribed their names and affixed their seals on the day and year first above mentioned.

TWO WITNESSES TO EXECUTION BY LESSOR:

W. D. Long

[Signature] [SEAL]

P. O. Window Rock, Ariz

Ruby Foster

[Signature] [SEAL]

P. O. Window Rock, Ariz

TWO WITNESSES TO EXECUTION BY LESSEE:

W. D. Long

[Signature] [SEAL]

P. O. Window Rock, Ariz

Ruby Foster

[Signature]

P. O. Window Rock, Ariz

Attest: _____

State of Arizona

County of Apache

ss:

ACKNOWLEDGMENT OF LESSOR

Before me, a notary public, on this 7th day of June, 1951, personally appeared [Signature], to me known to be the identical person who executed the within and foregoing lease, and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

My commission expires Feb. 29, 1952

Adela Samuelson
Notary Public.
In and for the County of Pima,
State of Arizona

UNITED STATES DEPARTMENT OF THE INTERIOR

Washington, D. C., _____, 19____

~~The within lease is hereby approved.~~

Approved under day of _____
by Secretary Order No. 2553,
January 11, 1949 (14 F.R. 252, 260);
and Order No. 551, Amendment BY 3,
16 F.R. 8252).

Filed for record this _____
o'clock _____ m.

Rental received, \$ 100.00

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
WASHINGTON 25, D. C.

APPROVED:

Chief, _____

GOVERNMENT PRINTING OFFICE

STIPULATION

Modifying allotted land mining lease Contract No. I-149-Ind-8913.

WHEREAS, above numbered mining lease was made for the sole purpose of prospecting for and mining minerals, as follows:
"Uranium and related minerals."

This amendment shall not effect any of the other provisions of said lease and said lease as originally signed shall remain in force and unaltered except as to the modification herein set out.

It is therefore agreed that the wording "Uranium bearing ores", is hereby substituted for "Uranium and related minerals."

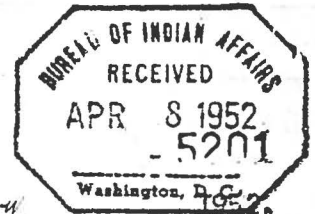
WITNESSES TO SIGNATURES:

W. H. Hutton
James G. S. Jones

Brown Vandever (his thumb print)
Brown Vandever, Lessor
Glenn D. Williams
Glenn D. Williams, Lessee
J. T. Hutton
J. T. Hutton, Lessee

ACKNOWLEDGMENT OF LESSOR

STATE OF NEW MEXICO)
COUNTY OF MCKINLEY) ss



BEFORE ME, a Notary Public, on this 29th day of February, personally appeared Brown Vandever, to me known to be the identical person who executed the foregoing stipulation, and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

W. H. Hutton
Notary Public

My Comm. expires 5/29/52

CONSENT OF SURETY

~~CENTRAL SURETY AND INSURANCE CORPORATION~~, surety for Glenn D. Williams and J. T. Hutton on the bond accompanying the lease above designated, hereby consents to the foregoing modification and agrees that said bond shall remain in full force and effect covering obligations of the lessees.

Dated at Denver, Colorado this 4th day of March 1952.

~~CENTRAL SURETY AND INSURANCE CORPORATION~~
By *Leonard Stebbins*
(Leonard Stebbins)
Attorney-in-Fact

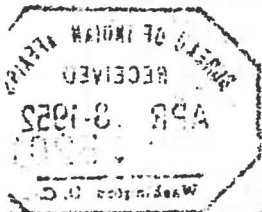
RECEIVED

APR 8 1952

WASHINGTON D.C.

OFFICE OF THE SECRETARY OF THE ARMY

100-100000



STIPULATION

Modifying Allotted Land Mining Lease Contract No. I-149-ind-8913.

Above numbered mining lease is hereby modified to provide as follows:

Wherever minerals or other products are recovered which are not included in determining mine value per dry ton as defined on page one of continuation sheet of form 5-154 attached and made a part of said lease, there shall be paid to the lessor for such minerals or other products, a royalty of 10 per cent of the gross value of such products."

This modification shall not effect any of the other provisions of said lease and said lease shall remain in force and unaltered except as to the modification herein set out.

Witnesses to Signatures:

Brown Vandever (Witness-print)
Brown Vandever, Lessor

Glenn D. Williams, Lessee

J. T. Hutton
J. T. Hutton, Lessee

ACKNOWLEDGMENT OF LESSOR

STATE OF NEW MEXICO)
COUNTY OF MCKINLEY) SS

BEFORE ME, a Notary Public, on this 8th day of March 1952, personally appeared Brown Vandever, to me known to be the identical person who executed the foregoing stipulation, and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

My Commission expires: 12/85

Notary Public



CONSENT OF SURETY

CENTRAL SURETY AND INSURANCE CORPORATION

CENTRAL SURETY AND INSURANCE CORPORATION, surety for Glenn D. Williams and J. T. Hutton on the bond accompanying the lease above designated, hereby consents to the foregoing modification and agrees that said bond shall remain in full force and effect covering obligations of the lessee.

Dated at Kansas City, Missouri this 18th day of March 1952.

CENTRAL SURETY AND INSURANCE CORPORATION

By R. W. Wyatt
R. W. Wyatt, Attorney-in-fact



MINING LEASE ALLOTTED INDIAN LANDS
(For Minerals other than Oil and Gas)

The Lessee hereby agrees to pay or cause to be paid to the Superintendent for the use and benefit of the Lessor, as royalty, the sums of money as follows:

Percentage Royalty Schedule

<u>Mine Value Per Dry Ton</u>	<u>Royalty Percentage of Mine Value Per Dry Ton</u>
\$ 0.01 to \$ 10.01	10%
\$ 10.01 to \$ 20.01	11%
\$ 20.01 to \$ 30.01	12%
\$ 30.01 to \$ 40.01	13%
\$ 40.01 to \$ 50.01	14%
\$ 50.01 to \$ 60.01	15%
\$ 60.01 to \$ 70.01	16%
\$ 70.01 to \$ 80.01	17%
\$ 80.01 to \$ 90.01	18%
\$ 90.01 to \$100.01	19%
\$100.01 or more	20%

*See
p. 10
Vander
mish*

"MINE VALUE PER DRY TON", wherever used herein is hereby defined as the dollar value per dry ton of crude ores at the mine as paid for by the Atomic Energy Commission or other government agency before allowance for transportation and development; however, if the government at any time hereafter does not establish and pay for said ores on a fixed or scheduled dollar value per dry ton of crude ores at the mine, or said ores contain saleable minerals, some, or all, of which are disposed of to a custom treatment plant or smelter for treatment and sale, then mine value per dry ton shall be the gross value per dry ton of said crude ore as paid for by the Atomic Energy Commission or other government authorized agency mill or other buyer, less any allowances or reimbursements for the following specific items: (1) transportation of ores; (2) allowances for exploration for, or development of ores; and (3) treatment or beneficiation of ores; which specific items shall in such event be deducted from the gross sales price received from the metal content of said ores by the seller before said percentage royalty is calculated and paid. Such payments shall be made on or before the fifteenth (15th) day of the month next following receipt by Lessee of payment for said ores together with a statement of the mine value of said ores and the amount of royalty due on each lot shipped and sold.

*Trans:
E. Long
J. H. F.*

In addition to the above royalty payments there shall be paid to the Superintendent for the use and benefit of the Lessor 10% of any bonus paid by the United States Atomic Energy Commission for the production of ore from the above lease and particularly bonuses for the initial production of uranium ore from said lease. But this provision shall not be limited to bonuses for initial production but shall apply to any and all bonuses paid for the production of ore.

Annual Rental

The Lessee agrees to pay or cause to be paid to the Superintendent for the use and benefit of the Lessor, in advance beginning with the date of approval of the lease as annual rental, the sum of One (\$1.00) Dollar per acre for the first calendar year and the sum of One (\$1.00) Dollar per acre, in advance, for each and every calendar year thereafter during the continuation of this lease.

The rentals so paid shall not be a credit on the royalties accruing under this lease and shall not be refunded to the Lessee because of any subsequent surrender or cancellation of the lease.

Development

The land described herein shall not be held by the Lessee for speculative purposes but in good faith for mining mineral specified. The Lessee shall expend in the development of said lease in each year the sum of Ten (\$10.00) Dollars per acre. Such development shall consist of road building, prospecting or drilling and mining operations, and the Lessee shall each year submit to the Superintendent satisfactory reports regarding development expenditures, which reports shall be furnished within ten (10) days after the yearly anniversary date of the lease; and failure by the Lessee in the diligent development and continued operation of the mine or mines, or the expenditures of the sum provided herein for the development of said lease in each year except when the operations may be interrupted by strikes, the elements or casualties not attributable to the Lessee, shall be held as want of compliance with the purposes of this lease and shall render it subject to cancellation; provided that whenever the Secretary of the Interior shall consider the marketing facilities inadequate or economical conditions unsatisfactory he may authorize the suspension of operations for such time as he may deem advisable but such action will not release the Lessee from the payment of the advance annual rental.

Payment for Surface Damage

The Lessee shall pay to the Superintendent for the use and benefit of the Lessor, as damage to the surface of the lands covered by this lease, Ten (\$10.00) Dollars per acre for each acre of land upon which the vegetation of any kind is destroyed or on which the top soil may be removed, turned or damaged by the mining operations conducted on said lease, but not including the reasonable use of the surface for roads and the construction of facilities for the operation of this lease. Provided, however, that in the event the royalty payments made under this lease shall equal or exceed the amount due for surface damages as provided in this paragraph then and in that event the Lessee shall be released from the obligation to pay such surface damages.



The Lessee shall not be permitted to surrender or terminate this lease until the damages provided for in this paragraph have been paid and in the event of the cancellation or forfeiture of this lease by the Secretary of the Interior as provided in said lease, the Lessee shall remain obligated to pay for surface damages as herein provided and the bondsmen of the Lessee shall not be released from liability until such surface damages are paid. The extent of the surface damages and the amount due therefor, shall be determined by the Secretary of the Interior.

The lessee shall employ Navajo labor in all positions for which they are qualified, including truck drivers, and shall protect the Indian grazing rights and other Indian rights to the surface of the lands.

The lessee shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and shall require an identical provision to be included in all sub-contracts hereunder.

Two witnesses to signature
of Lessee

M. D. Long
Ruby Foster

Samuel L. Shutter
Lessee
R. D. Shutter
(Attest)

Two witnesses to signature
of Lessor

M. D. Long
Ruby Foster

Brown Vanderer
Lessor

Lessor

Lessor

Lessor

Lessor

Lessor

1. The first part of the report discusses the general situation of the company and the results of the work done during the period.

2. The second part of the report deals with the financial results of the company and the reasons for the changes.

3. The third part of the report discusses the company's position in the market and the prospects for the future.

4. The fourth part of the report discusses the company's management and the measures taken to improve the company's performance.

5. The fifth part of the report discusses the company's social responsibilities and the measures taken to improve the company's social image.

6. The sixth part of the report discusses the company's environmental responsibilities and the measures taken to improve the company's environmental performance.

7. The seventh part of the report discusses the company's human resources and the measures taken to improve the company's human resources management.

8. The eighth part of the report discusses the company's research and development and the measures taken to improve the company's research and development management.

9. The ninth part of the report discusses the company's information technology and the measures taken to improve the company's information technology management.

10. The tenth part of the report discusses the company's legal affairs and the measures taken to improve the company's legal affairs management.

11. The eleventh part of the report discusses the company's public relations and the measures taken to improve the company's public relations management.

12. The twelfth part of the report discusses the company's other matters and the measures taken to improve the company's other matters management.

13. The thirteenth part of the report discusses the company's conclusions and the measures taken to improve the company's conclusions management.

XHIBIT "A"

PERCENTAGE ROYALTY SCHEDULE
For Uranium and other Minerals associated therewith.

MINE VALUE PER DRY TON	ROYALTY PERCENTAGE OF MINE VALUE PER DRY TON
\$ 0.01 to \$ 10.00	12. %
\$ 10.01 to \$ 20.00	13.3%
\$ 20.01 to \$ 30.00	14.6%
\$ 30.01 to \$ 40.00	15.9%
\$ 40.01 to \$ 50.00	17.2%
\$ 50.01 to \$ 60.00	18.5%
\$ 60.01 to \$ 70.00	19.8%
\$ 70.01 to \$ 80.00	21.1%
\$ 80.01 to \$ 90.00	22.4%
\$ 90.01 to \$100.00	23.7%
\$100.01 or more	25.0%

"MINE VALUE PER DRY TON," wherever used herein is hereby defined as the dollar value per dry ton of crude ores at the mine as paid for by the Atomic Energy Commission or other government agency before allowance for transportation and development; however, if the government at any time hereafter does not establish and pay for said ores on a fixed or schedule dollar value per dry ton of crude ores at the mine, or said ores contain saleable minerals, some or all of which are disposed of to a custom treatment plant or smelter for treatment and sale, then mine value per dry ton shall be the gross value per dry ton of said crude ore as paid for by the Atomic Energy Commission or other Government authorized agency mill or other buyer, less any allowances or reimbursements for the following specific items; (1) transportation of ores; (2) allowances for exploration for, or development of ores; and (3) treatment of beneficiation of ores; which specific items shall in such event be deducted from the gross sales price received from the metal content of said ores by the seller before said percentage royalty is calculated and paid. Such payments shall be made on or before the twenty-fifth (25) day of the month next following receipt by lessee of payment for said ores together with a statement of the mine value of said ores and the amount of royalty due on each lot shipped and sold.

Wherever used in this document the word "ores" shall mean only the ore of uranium and other minerals associated therewith; and the words "ores mined and sold" or similar words shall be construed and understood to mean ores mined and removed from the demised premises for the purpose of milling, treatment, stockpiling or other disposition, and not that ores must be sold as such.

In addition to the above royalty payments there shall be paid to the General Superintendent for the use and benefit of the lessor 10% of any bonus paid by the United States Atomic Energy Commission for the production of ore from the above lease and particularly bonuses for the initial production of uranium ore from said lease. This provision shall not be limited to bonuses for initial production but shall apply to any and all bonuses paid for production of ore.

ROYALTIES for all metallic minerals other than uranium and minerals associated therewith:

The lessee shall pay to the General Superintendent for the use and benefit of the Indian landowners a royalty of (10%) percent of the gross value of the ore as shown by the smelter returns. All royalties accruing for any month shall be due and payable before the 25th day of the month succeeding, together with a statement of the mine value of said ores and the amount of royalty due on each lot shipped and sold.

